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No. 15-446

# In the Supreme Court of the United States

CUOZZO SPEED TECHNOLOGIES, LLC, PETITIONER

*v.*

MICHELLE K. LEE, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, PATENT AND TRADEMARK OFFICE

*ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT*

## BRIEF FOR THE RESPONDENT

DONALD B. VERRILLI, JR.
*Solicitor General*
*Counsel of Record*
BENJAMIN C. MIZER
*Principal Deputy Assistant Attorney General*
MALCOLM L. STEWART
*Deputy Solicitor General*
BETH S. BRINKMANN
*Deputy Assistant Attorney General*
CURTIS E. GANNON
*Assistant to the Solicitor General*
MARK R. FREEMAN
MELISSA N. PATTERSON
*Attorneys*
*Department of Justice*
*Washington, D.C. 20530-0001*
*SupremeCtBriefs@usdoj.gov*
*(202) 514-2217*

SARAH HARRIS
*General Counsel*
THOMAS W. KRAUSE
*Acting Solicitor*
SCOTT C. WEIDENFELLER
*Acting Deputy Solicitor*
ROBERT J. MCMANUS
*Associate Solicitor*
*United States Patent and Trademark Office*
*Alexandria, Va. 22313*

## QUESTIONS PRESENTED

In 2011, Congress created *inter partes* review, a proceeding conducted by the United States Patent and Trademark Office (PTO) in which any member of the public can submit prior art and seek cancellation of the claims in an issued patent. See 35 U.S.C. 311-319. The questions presented are as follows:

1. Whether the PTO may require that, during an *inter partes* review, the claims in a patent will be given the "broadest reasonable construction" consistent with the patent's specification.

2. Whether a party may seek to overturn the PTO's final decision in an *inter partes* review based on an alleged error in the PTO's threshold decision to institute the review, which Congress provided "shall be final and nonappealable," 35 U.S.C. 314(d).

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## BRIEF FOR THE RESPONDENT

### OPINIONS BELOW

The amended opinion of the court of appeals (Pet. App. 1a-47a) is reported at 793 F.3d 1268. The decision of the Patent Trial and Appeal Board (Pet. App. 109a-167a) is reported at 108 U.S.P.Q.2d 1852.

### JURISDICTION

The amended judgment of the court of appeals was entered on July 8, 2015, and a petition for rehearing was denied on the same day (Pet. App. 48a-49a). The petition for a writ of certiorari was filed on October 6, 2015. This Court granted the petition on January 15, 2016. The jurisdiction of this Court rests on 28 U.S.C. 1254(1).

## STATUTORY AND REGULATORY PROVISIONS INVOLVED

Pertinent statutory and regulatory provisions are reprinted in the appendix to this brief. App., *infra*, 1a-16a.

## STATEMENT

1. a. A United States patent confers "the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States." 35 U.S.C. 154(a)(1). Patent rights "exist only by virtue of statute." *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 229 n.5 (1964). Because "a patent is an exception to the general rule against monopolies and to the right to access to a free and open market," the public has "a paramount interest in seeing that patent monopolies * * * are kept within their legitimate scope." *Precision Instrument Mfg. Co.* v. *Automotive Maint. Mach. Co.*, 324 U.S. 806, 816 (1945).

When an inventor applies for a patent, an examiner at the United States Patent and Trademark Office (PTO) with expertise in the relevant technological fields analyzes the application and the invention it describes, as well as the prior art in those fields, to determine whether the statutory requirements for patentability are satisfied. 35 U.S.C. 131; 37 C.F.R. 1.104(a)(1). If the examiner determines that a proposed claim is not patentable—for example, because it is anticipated by, or obvious in light of, the prior art, see 35 U.S.C. 102, 103—the examiner rejects the claim and notifies the applicant of "the reasons for such rejection." 35 U.S.C. 132(a). In order to overcome the examiner's objections, the applicant may amend the patent claims, which are then subject to further exam-

ination. 35 U.S.C. 132(a); 37 C.F.R. 1.111(b) and (c). The applicant may also submit arguments that explain why and how the claimed invention differs from the prior art. See 35 U.S.C. 132(a); 37 C.F.R. 1.111(b). This iterative process generally occurs twice, culminating in the issuance of either a notice of allowance or a final rejection. 37 C.F.R. 1.113(a), 1.311(a). An applicant may appeal a final rejection within the PTO and seek judicial review of its final decision. 35 U.S.C. 134(a), 141, 145.

b. Congress has also long authorized the PTO to review previously issued patents and to cancel patent claims that the agency determines were improperly approved (if, for instance, the examiner was unaware of prior art that would have caused the application to be rejected as anticipated or obvious).

Congress authorized the agency to revisit the patentability of claims in issued patents in 1980 when it enacted the *ex parte* reexamination scheme, which remains in effect today. See Act of Dec. 12, 1980, Pub. L. No. 96-517, 94 Stat. 3015 (codified as amended at 35 U.S.C. 301-307). In an *ex parte* reexamination, "[a]ny person at any time" may call the PTO's attention to prior art "bearing on the patentability of any claim of a particular patent" and may "file a request for reexamination." 35 U.S.C. 301(a)(1), 302. The Director of the PTO will then "determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request." 35 U.S.C. 303(a). Alternatively, the Director may undertake such an inquiry "[o]n [her] own initiative" with respect to any patent at "any time." *Ibid.* If the Director finds that the cited prior art raises a substantial new question of patentability, the PTO will reexamine the pa-

tent and, if the claims are unpatentable, order them cancelled. 35 U.S.C. 304, 307. Although a final decision of the PTO adverse to the patentee in a reexamination is appealable to the Federal Circuit, 35 U.S.C. 306, the determination by the Director "that no substantial new question of patentability has been raised [is] final and nonappealable." 35 U.S.C. 303(c).

In 1999, responding to proposals to allow third parties a greater role in identifying erroneously issued patents, Congress created *inter partes* reexaminations. See American Inventors Protection Act, Pub. L. No. 106-113, Div. B. § 1000(a)(9), 113 Stat. 1536, 1501A–567 (Sec. 4604(a)) (codified as amended at 35 U.S.C. 311-318 (2006)). Under that now-superseded process, a third party that requested reexamination enjoyed a greater opportunity to participate in the PTO's reexamination and, after 2002, in any subsequent appeal. See *Cooper Techs. Co.* v. *Dudas*, 536 F.3d 1330, 1332 (Fed. Cir. 2008). As with *ex parte* reexaminations, Congress authorized the PTO to institute an *inter partes* reexamination only if the request raised "a substantial new question of patentability." 35 U.S.C. 311, 312 (2006). Congress specified that the PTO's threshold determination about whether such a question had been raised would be "final and nonappealable." 35 U.S.C. 312(a) and (c) (2006).

2. a. In 2011, the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284, substantially expanded the procedures by which the PTO could reconsider the patentability of claims in issued patents. As with the previous post-issuance reexamination proceedings, which were intended to "serve as an effective and efficient alternative to often costly and protracted district court litigation," the AIA's new

proceedings were again designed as "quick and cost effective alternatives to litigation." H.R. Rep. No. 98 Pt. 1, 112th Cong., 1st. Sess. 45, 48 (2011) (*House Report*). Congress also sought to provide "a meaningful opportunity to improve patent quality and restore confidence in the presumption of validity that comes with issued patents in court." *Id.* at 48.

The AIA left in place the longstanding *ex parte* reexamination process, but replaced *inter partes* reexamination with *inter partes* review, a proceeding initiated by a third-party challenger and conducted before the newly created Patent Trial and Appeal Board (Board). See 35 U.S.C. 311-319. The AIA altered the threshold showing necessary for the PTO to institute such a proceeding, from a "substantial new question" to "a reasonable likelihood that the petitioner would prevail," 35 U.S.C. 314(a), and directed the PTO to impose strict timelines for completion of the review, 35 U.S.C. 316(a)(11). See *House Report* 46-47.

Congress also broadly authorized the PTO to promulgate rules implementing the AIA's new administrative-review schemes. The PTO may "prescribe regulations" that, *inter alia*, "establish[] and govern[]" *inter partes* review proceedings and specify "the relationship of such review to other proceedings under this title." 35 U.S.C. 316(a)(4). Following notice and comment, the PTO promulgated a substantial set of regulations governing *inter partes* reviews, along with general rules of practice before the Board. See generally 37 C.F.R. Pt. 42. Those rules delegate to the Board the Director's authority to determine whether to institute particular proceedings. See 37 C.F.R. 42.108; see also 37 C.F.R. 42.4. As relevant here, they also provide that, during an *inter partes* review, "[a]

claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears." 37 C.F.R. 42.100(b).[1]

b. Under the statutory and regulatory scheme described above, *inter partes* review proceedings (like *inter partes* reexaminations) unfold in two stages. First, the Board makes a threshold decision whether to institute review. See 35 U.S.C. 314; 37 C.F.R. 42.108. If the Board determines that *inter partes* review is appropriate, it subsequently issues a final written decision addressing the patentability of the claims at issue. 35 U.S.C. 318(a). Although the Board's final written decision with respect to patentability is subject to direct appeal to the Federal Circuit, see 35 U.S.C. 318(a), 319, the AIA states that the threshold decision "whether to institute" an *inter partes* review "shall be final and nonappealable." 35 U.S.C. 314(d).

*Inter partes* review proceedings differ from district-court infringement litigation in ways that sometimes benefit challengers and sometimes benefit patentees. Unlike in district court, where an issued patent enjoys a statutory presumption of validity that can be overcome only by clear and convincing evidence, see 35

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[1] The AIA established other entirely new procedures that are not directly at issue in this case: "post-grant review," 35 U.S.C. 321, and a special "transitional post-grant review proceeding for review of the validity of covered business method patents" (which would be available for only eight years), AIA § 18(a)(1) and (3)(A), 125 Stat. 329, 330. Those proceedings parallel *inter partes* review in many ways, and the Board has similarly prescribed that, in such proceedings, a patent's claims are to be given their "broadest reasonable construction in light of the specification." 37 C.F.R. 42.200(b), 42.300(b).

U.S.C. 282(a); *Microsoft Corp.* v. *i4i Ltd. P'ship*, 564 U.S. 91 (2011), the challenger in an *inter partes* review has "the burden of proving a proposition of unpatentability by a preponderance of the evidence." 35 U.S.C. 316(e). On the other hand, while patent claims are fixed and unalterable during district-court litigation, the patent owner in *inter partes* review "may file 1 motion to amend the patent," and the PTO has discretion to allow additional opportunities for amendment. 35 U.S.C. 316(d).

3. Petitioner owns U.S. Patent No. 6,778,074 (the '074 patent), which claims an interface for displaying both a vehicle's speed and the speed limit associated with its location. Pet. App. 1a-2a. In 2012, Garmin International, Inc. and Garmin USA, Inc. (Garmin) petitioned for *inter partes* review of claims 1-20 in the '074 patent. *Id.* at 3a, 169a.

In a January 2013 decision, the Board concluded that Garmin had not established a reasonable likelihood of prevailing on most of its assertions of invalidity. Pet. App. 168a, 182a-196a. The Board determined, however, that Garmin had established a reasonable likelihood of prevailing on its contention that claim 17 was unpatentable, under 35 U.S.C. 103, as obvious in light of two sets of prior art identified by Garmin. Pet. App. 187a-188a, 192a. The Board further recognized that claim 17 depends on claim 14, which itself depends on claim 10. *Id.* at 188a, 192a. Because "dependent claims include all of the features of the claims on which they depend," the Board found that Garmin's petition "implicitly" included obviousness challenges to claims 10 and 14 on the basis of the same prior art. *Id.* at 188a, 192a-193a. The Board therefore determined that Garmin had shown a reasonable likelihood of demon-

strating that those claims were invalid as well. *Ibid.* The Board granted the petition to institute *inter partes* review, limited to the obviousness challenges to claims 10, 14, and 17. *Id.* at 196a-197a.

The Board then conducted a full *inter partes* review proceeding on the merits. In November 2013, the Board issued its final written decision, Pet. App. 109a-167a, in which it gave the claims at issue their broadest reasonable construction in light of the patent's specification, *id.* at 117a. The Board concluded that, so construed, the claims were obvious over the prior art. *Id.* at 163a. It therefore ordered that the claims be cancelled. *Id.* at 166a.

Although petitioner had moved to amend the claims, the Board denied petitioner's motion. Pet. App. 167a. It concluded that petitioner's proposed substitutes failed to satisfy the written-description requirement of 35 U.S.C. 112(a), and that the amendments would have impermissibly enlarged the scope of the claim language by covering a structure that would not have been covered by claims 10, 14, and 17. Pet. App. 165a-167a.

4. The court of appeals affirmed. Pet. App. 1a-30a.

a. The court of appeals first held that petitioner could not challenge the Board's decision to institute review with respect to claims 10 and 14. Pet. App. 5a-11a. The court explained that *inter partes* reviews "proceed in two phases." *Id.* at 5a. "In the first phase, the PTO determines whether to institute" review. *Ibid.*; see 35 U.S.C. 314. "In the second phase, the Board conducts the [review] proceeding and issues a final decision." Pet. App. 5a; see 35 U.S.C. 318(a).

The court of appeals recognized that petitioner may obtain judicial review of the Board's "final written

decision." Pet. App. 7a (quoting 35 U.S.C. 319). The court held, however, that it lacked authority to review the Board's prior decision to institute the *inter partes* review because 35 U.S.C. 314(d) makes that decision "final and nonappealable." Pet. App. 7a. The court noted that other provisions (specifically, 35 U.S.C. 141(c) and 319) "already limit appeals to appeals from final decisions." Pet. App. 7a. The court inferred that, "[b]ecause § 314(d) is unnecessary to limit interlocutory appeals, it must be read to bar review of all institution decisions, even after the Board issues a final decision." *Ibid.*[2]

b. The court of appeals then held that, in promulgating 37 C.F.R. 42.100(b), the PTO has reasonably required the Board in an *inter partes* review to give patent claims their "broadest reasonable construction." Pet. App. 11a-21a. The court noted that no section of the Patent Act "explicitly provides that the broadest reasonable interpretation standard shall or shall not be used in any PTO proceedings." *Id.* at 12a-13a. The court explained, however, that this standard has, with judicial approval, "been applied by the PTO and its predecessor for more than 100 years in various types of PTO proceedings," including in "every PTO proceeding involving unexpired patents." *Id.* at 13a-14a. The court found "no indication that the AIA was

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[2] The court of appeals left open the question whether, in a case where the "PTO ha[d] clearly and indisputably exceeded its authority," the agency's decision to institute a review proceeding could be "reviewable by mandamus after the Board issues a final decision." Pet. App. 9a-10a. The court concluded that, even if mandamus were available under those circumstances, petitioner was not entitled to mandamus relief because "there is no clear and indisputable right that precludes institution of the [*inter partes* review] proceeding" in this case. *Id.* at 11a.

designed to change the claim construction standard that the PTO has applied for more than 100 years." *Id.* at 15a.

Petitioner contended that past practice is inapposite here because a patentee's ability to propose claim amendments during an *inter partes* review is materially narrower than a patent applicant's ability to amend claims during other PTO proceedings. Pet. App. 15a-16a. In rejecting that argument, the court explained that the Board had disallowed petitioner's own proposed amendments because they would have enlarged the scope of the claims. *Id.* at 17a. The court observed that, because "post-issuance broadening" of claims has "long been" barred during other PTO proceedings "for which precedent approved use of the broadest reasonable construction," petitioner's inability to amend was unrelated to the *inter partes* review posture. *Ibid.* It therefore concluded that any challenge to restrictions on amendment "must await another case." *Ibid.*

The court of appeals further held that, although *inter partes* review "may be said to be adjudicatory rather than an examination," that fact does not undermine "[t]he inference of congressional approval of the longstanding PTO construction standard." Pet. App. 17a. The court explained that "[t]he repeatedly stated rationale for using the broadest reasonable interpretation standard—that claim language can be modified when problems are identified in the PTO—does not turn on whether the PTO identifies the problems by adjudication or by examination." *Id.* at 17a-18a (citation omitted).

The court of appeals further concluded that, even if Congress had not implicitly endorsed the use of the broadest-reasonable-construction standard, the PTO's

adoption of that approach was a valid exercise of its rulemaking authority. Pet. App. 18a-21a. The PTO is authorized to establish regulations "setting forth the standards for the showing of sufficient grounds to institute a review" and "establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title." 35 U.S.C. 316(a)(2) and (4). The court concluded that the agency's promulgation of 37 C.F.R. 42.100(b), which establishes a broadest-reasonable-construction standard for *inter partes* review proceedings, "is within the PTO's authority under the statute" because it "affects both the PTO's determination of whether to institute [*inter partes* review] proceedings and the proceedings after institution." Pet. App. 18a-19a. The court also held that, even assuming the statute is silent about the proper standard, the agency's approach reflects "a reasonable interpretation of the statute" under the second step of the analysis under *Chevron U.S.A. Inc.* v. *NRDC, Inc.*, 467 U.S. 837 (1984). Pet. App. 19a.

Turning to the merits of the Board's patentability decision, the court of appeals affirmed the Board's interpretation of the contested claim language and its conclusion that the three claims under review were unpatentable as obvious under 35 U.S.C. 103. Pet. App. 21a-27a. The court also held that the Board had properly denied petitioner's motion to amend its claims because the proposed amendments would have impermissibly broadened those claims. *Id.* at 27a-29a.

c. Judge Newman dissented. Pet. App. 30a-47a. In her view, the PTO's use of the broadest reasonable construction of patent claims is inconsistent with Congress's expectation that *inter partes* review would be a

surrogate for district-court litigation, in which a different interpretive method would be used. *Id.* at 32a-45a. Judge Newman also would have held that Section 314(d) prevents only "interlocutory delay and harassing filings," and therefore does not "preclude judicial review of whether" the PTO correctly applied statutory criteria when determining whether to institute an *inter partes* review. *Id.* at 46a.

5. The court of appeals denied rehearing en banc. Pet. App. 48a-49a. Judge Dyk, joined by three judges, concurred in the denial of rehearing. He concluded that, "[i]n the absence of evidence of congressional intent to abrogate the broadest reasonable interpretation standard," the court "should not act to adopt a different standard based on our own notions of appropriate public policy." *Id.* at 52a.

Five judges jointly dissented from the denial of rehearing en banc. Pet. App. 52a-61a. They recognized that the statute is silent about the claim-construction rule that Congress intended the PTO to use in *inter partes* review. *Id.* at 52a-54a. In light of the adjudicative nature of *inter partes* review proceedings, however, the dissenters found it "unclear * * * why the district court standard [of claim construction] should not apply." *Id.* at 54a-57a. They would have held that, because *inter partes* review involves "an already issued claim," disputed claim language should be construed "as in district court litigation." *Id.* at 60a-61a.

Judge Newman filed a separate dissent from the denial of rehearing en banc. Pet. App. 61a-67a. She reiterated her view that, in "post-issuance review," the PTO should "apply the claim construction that is applied by the courts" rather than the broadest reasonable construction. *Id.* at 61a.

## SUMMARY OF ARGUMENT

I. The PTO acted appropriately in promulgating a published regulation that mandates use of the broadest reasonable construction of disputed patent claims during *inter partes* reviews.

The PTO has long applied the broadest-reasonable-construction standard in a variety of administrative contexts, including but not limited to the initial examination of patent applications. The common feature of the agency proceedings in which that interpretive method has been applied, and the core rationale for its use in those various settings, is that the patent applicant or patentee may still amend its claims to disavow the broader reading if that reading does not reflect its actual intent. Although the right to amend claims during *inter partes* reviews is more limited than in the initial examination process, the opportunity to amend remains available, and the restrictions on potential amendments are comparable to those that apply in other post-issuance proceedings in which the agency has long used the broadest-reasonable-construction method.

Like other established interpretive techniques, the broadest-reasonable-construction method is used to choose among plausible readings of disputed claim terms, not as a ground for disregarding a claim's clear language. Petitioner contends that the PTO's approach is invalid because *inter partes* review is intended to function as a surrogate for district-court litigation, and district courts in infringement or declaratory-judgment suits do not use the broadest-reasonable-construction standard. In a variety of other respects, however—most notably, in its use of a preponderance standard for establishing that a contested claim is

unpatentable—the AIA directs that *inter partes* review will depart from district-court practice in ways that will be outcome-determinative in at least some cases. Although *inter partes* review serves in part to reduce the need for expensive and time-consuming litigation, Congress did not anticipate or intend that it would always produce the same patentability determination that a district court would make.

The AIA vests the PTO with broad rulemaking authority, including the power to issue regulations "establishing and governing inter partes review." 35 U.S.C. 316(a)(4). The PTO's promulgation of a published rule mandating use of the broadest-reasonable-construction standard during *inter partes* reviews of unexpired patents is entitled to judicial deference as a reasonable exercise of that authority. Although Congress has declined to authorize the PTO to issue rules interpreting the substantive patentability criteria established by the Patent Act, the regulation at issue here does not have that effect. It simply resolves an interstitial issue, not specifically addressed by Congress, concerning the proper conduct of *inter partes* proceedings. The agency reasonably and appropriately concluded that, although *inter partes* review differs in meaningful respects from initial examination (and from prior forms of post-issuance reexamination), the patentee's continuing ability to amend its claims renders *inter partes* review more analogous for this purpose to initial examination and reexamination than to district-court litigation.

II. The AIA states that the PTO's decision "whether to institute" an *inter partes* review is "final and nonappealable." 35 U.S.C. 314(d). That provision unambiguously forecloses judicial scrutiny of the

Board's threshold determination that the petition before it in this case, which alleged that claim 17 of petitioner's patent was obvious in light of particular prior art, implicitly called into question the two claims on which claim 17 depended.

Petitioner principally contends that Section 314(d) bars only *interlocutory* appeals from the Board's threshold determinations to institute *inter partes* review proceedings, while allowing such determinations to be challenged in an appeal from a final Board decision as to patentability. The language of the provision, which declares the institution decision to be both "final" and "nonappealable," does not support that reading. And because the Board's institution decision would not be subject to immediate judicial review under background principles of administrative law, petitioner's approach would deprive Section 314(d) of any operative legal effect.

The conclusion that the Board's institution decision is unreviewable is particularly clear when Section 314(d) is contrasted with more limited preclusion-of-review provisions contained in prior patent laws. Moreover, giving Section 314(d) its plain meaning ensures that the PTO's ultimate patentability determinations are subject to judicial scrutiny, while preventing patent owners from reviving concededly invalid patents based on threshold questions regarding the initiation of the agency's review process—an outcome entirely consistent with Congress's intention that the AIA should improve patent quality. In any event, the Board's decision to institute an *inter partes* review with respect to claims 10 and 14 as well as claim 17 should be upheld even if judicial review of that decision is available.

## ARGUMENT

### I. THE PTO APPROPRIATELY DECIDED TO APPLY ITS BROADEST-REASONABLE-CONSTRUCTION STANDARD IN *INTER PARTES* REVIEW PROCEEDINGS

For more than a century, whenever the PTO (or its predecessor the Patent Office) has scrutinized unexpired patent claims, the agency has given those claims their broadest reasonable construction (or broadest reasonable interpretation) consistent with the patent's specification. That practice ensures that, when a claim is ambiguous, every reasonable construction of it is consistent with the Patent Act, and the risk of overbreadth is appropriately borne by the patentee rather than the public. Cf. *Nautilus, Inc.* v. *Biosig Instruments, Inc.*, 134 S. Ct. 2120, 2129 (2014) ("[T]he patent drafter is in the best position to resolve the ambiguity in patent claims.") (citation omitted).

The court of appeals correctly recognized that, in enacting the AIA, Congress expected the PTO to scrutinize patent claims in *inter partes* reviews in the same manner that it does in all other agency proceedings involving unexpired patent claims that may still be amended. Pet. App. 12a-18a. Otherwise, the PTO would need to sustain during *inter partes* review a claim that it should never have issued in the first place, which would flout Congress's desire to "improve patent quality and limit unnecessary and counterproductive litigation costs." *House Report* 40. And even if the AIA did not implicitly approve the use of the broadest-reasonable-construction approach, the PTO is authorized to promulgate rules "establishing and governing inter partes review," 35 U.S.C. 316(a)(4), and has specified that "[a] claim in an unexpired patent shall be given its broadest reasonable construction in

light of the specification of the patent in which it appears," 37 C.F.R. 42.100(b). That PTO regulation is consistent with the statute, reasonable, and entitled to deference. Pet. App. 18a-21a.

### A. Use Of The Broadest-Reasonable-Construction Standard Accords With Congress's Design For *Inter Partes* Review

Although the AIA did not explicitly address whether the Board should employ the broadest-reasonable-construction standard in *inter partes* review proceedings, the statutory framework is most consistent with that practice. Congress specified that patent claims could still be amended during an *inter partes* review, thus incorporating the principal feature that the PTO had previously invoked to justify use of the broadest-reasonable-construction standard in initial examinations and in other post-issuance administrative proceedings. Petitioner's principal concern (Br. 26-35) is that, in some cases, the standard could allow the PTO to invalidate a patent claim that would have survived in district-court litigation. But Congress gave *inter partes* review several other structural attributes—including a lower burden of proving unpatentability—that can be expected to produce similar disparities. It is therefore natural to infer that Congress expected the PTO to apply its long-established practice to this materially comparable context.

#### *1. The PTO has long applied the broadest-reasonable-construction standard in all agency proceedings in which patent claims may still be amended*

Congress has charged the PTO with the responsibility for examining patent applications and determining patentability. See 35 U.S.C. 2(a)(1), 131. Policing

the boundaries of patentability involves not only granting an inventor all that he is due, but also ensuring that the approved language in a patent claim does not encompass subject matter that properly belongs in the public domain. See *Precision Instrument Mfg. Co.* v. *Automotive Maint. Mach. Co.*, 324 U.S. 806, 816 (1945) (noting that the "far-reaching social and economic consequences of a patent * * * give the public a paramount interest in seeing that patent monopolies * * * are kept within their legitimate scope"). The PTO therefore has both the power and the responsibility to shift the burden of ambiguity to inventors and to require them to clarify—for the benefit of the public—the extent of their exclusive rights.

a. To that end, the PTO's long-established practice is to give unexpired patent claims under scrutiny before the agency their broadest reasonable construction (or broadest reasonable interpretation) consistent with the patent's specification. See, *e.g.*, *In re Prater*, 415 F.2d 1393, 1404-1405 (C.C.P.A. 1969); *In re Carr*, 297 F 542, 543-544 (D.C. Cir. 1924); *Podlesak & Podlesak* v. *McInnerney*, 1906 Dec. Comm'r Pat. 265, 268. That approach promotes clarity and precision in claim drafting by ensuring that patent claims comply with the statutory requirements for patentability under every reasonable reading of the claim language. It thereby seeks to foreclose the possibility that an issued patent can later be reasonably construed as encompassing *more* subject matter than the PTO intended to grant to the patentee. See *Prater*, 415 F.2d at 1404-1405 (explaining that this approach "reduce[s] the possibility that, after the patent is granted, the claims may be interpreted as giving broader coverage than is justified"). That serves the "public interest" without com-

promising the interests of the patent applicant, who can amend his claim to avoid the overbroad reading. *Id.* at 1405 n.31. As the Commissioner of Patents put it in 1906: "Where a limited meaning is intended when a claim is drawn, what possible objection can there be to imposing that meaning unmistakably upon the claim by its express terms?" *Podlesak*, 1906 Dec. Comm'r Pat. at 268; see *Carr*, 297 F at 543-544 (D.C. Circuit stating in 1924 that, before a patent has issued, "there is no reason * * * why an applicant * * * should not draw his claims to cover his actual invention only").

The broadest-reasonable-construction approach differs from the interpretive method that a district court would use to construe disputed patent claims in the context of an infringement suit. When confronted with an ambiguity in a patent claim, rather than apply the broadest reasonable construction, a court must, if possible, resolve an "ambiguity in the claim language * * * in a manner that would preserve the patent's validity." *Phillips* v. *AWH Corp.*, 415 F.3d 1303, 1327 (Fed. Cir. 2005) (en banc), cert. denied, 546 U.S. 1170 (2006). The use of different interpretive approaches follows logically from two critical differences between agency and judicial proceedings.

First, unlike the PTO, a court construing an ambiguous patent claim cannot invite the patentee to resolve the ambiguity by making clarifying amendments to the claim language. See *Prater*, 415 F.2d at 1404 n.30; *Carr*, 297 F at 543. Second, Congress has required the courts to presume that an issued patent is valid, see 35 U.S.C. 282(a), and any defense of invalidity therefore must be proved by clear and convincing evidence, *Microsoft Corp.* v. *i4i Ltd. P'ship*, 564 U.S. 91, 95 (2011). That statutory presumption of validity in

district-court litigation reflects "the basic proposition" taken from the common law that the PTO "was presumed to do its job" in granting the patent. *Id.* at 97 (citation omitted); see *Klein* v. *Russell*, 86 U.S. (19 Wall.) 433, 466 (1873) (explaining that claims are to be construed "so as to sustain the patent and the construction claimed by the patentee," because "[i]t is to be presumed the [patent] commissioner did his duty" and did not issue an overbroad patent inconsistent with the statute).

b. The broadest-reasonable-construction approach was originally associated with the Patent Office's initial examinations of patent applications (*i.e.*, examinations conducted before a patent was issued). By the time the AIA was enacted in 2011, however, the PTO, with repeated judicial approval, had adopted the same approach in several other kinds of administrative proceedings involving already-issued patents.

In reissue proceedings under 35 U.S.C. 251, a patentee may seek to correct (and, within the first two years after the patent's issuance, broaden) the claim language of an issued patent to conform to what the patentee actually invented and described in the patent specification. The PTO adopted the broadest-reasonable-construction standard for consideration of reissue requests, and that practice was sustained by the Court of Customs and Patent Appeals. See *In re Reuter*, 670 F.2d 1015, 1019 (1981).

A patent interference proceeding under former 35 U.S.C. 135(a) (2006) was a contest between a pending patent application and another pending application or an issued patent, in which the PTO determined "questions of priority of the inventions and * * * questions of patentability." The PTO specified that, in such a

proceeding, "[a] claim shall be given its broadest reasonable construction in light of the specification of the application *or patent* in which it appears." 37 C.F.R. 41.200(b) (2009) (emphasis added); see *Harari* v. *Lee*, 656 F.3d 1331, 1340 (Fed. Cir. 2011) (applying that standard in appeal from interference); *Brenzinger* v. *Thornburgh*, 286 F 637, 638-639 (D.C. Cir. 1923) (same).

In 1980, Congress provided for *ex parte* reexamination, the first administrative mechanism by which the PTO could reconsider the validity of the claims in an issued patent at the request of a third party (or on the Director's own motion). See Act of Dec. 12, 1980, Pub. L. No. 96-517, 94 Stat. 3015 (codified as amended at 35 U.S.C. 301-307). Following its practice in reissue proceedings, the PTO explained that it would also use the broadest-reasonable-construction approach in the *ex parte* reexamination proceedings. See *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984). The Federal Circuit rejected a patentee's assertion that the PTO should instead be "require[d] * * * to apply a rule of claim construction adopted by Federal District Courts when the validity of an issued patent is in question." *Ibid.* The court explained that the patentee would "be permitted to propose any amendment to his patent," and that the patentee's opportunity to make "his claims * * * correspond with his contribution to the art" justified application of the broadest-reasonable-construction standard. *Id.* at 1572 (citation omitted).

Congress later created *inter partes* reexamination, which gave third parties who submitted reexamination requests an expanded role in persuading the PTO to cancel issued patent claims, such as by responding in writing to PTO actions and to the patent owner's fil-

ings. See 35 U.S.C. 311-318 (2006). Again, the PTO gave patent claims in *inter partes* reexaminations their broadest reasonable construction so as to ensure that any patent claim that survived the reexamination could not reasonably be construed to encompass the prior art. See *Leo Pharm. Prods., Ltd.* v. *Rea*, 726 F.3d 1346, 1352 (Fed. Cir. 2013) (noting and approving use of this standard in *inter partes* reexamination).

As petitioner acknowledges (Br. 22-25 & n.6), the common thread among the foregoing kinds of PTO proceedings was that, although each involved agency scrutiny of patents that had already been issued, the patentee in each context retained the ability to amend its unexpired patent claims.[3] Accordingly, the rationale that justified the adoption of the broadest-reasonable-construction approach in initial examinations was well understood to be equally applicable to post-issuance proceedings. By the time Congress enacted the AIA in 2011, the PTO had received repeated judicial approval over many decades for using that approach to ensure that patent claims are as "precise, clear, correct, and unambiguous" as possible. *In re Zletz*, 893 F.2d 319, 322 (Fed. Cir. 1989).

c. Petitioner does not and could not plausibly suggest that Congress was unaware of that historical backdrop when it created *inter partes* review. The only identified reference in the AIA's legislative history to the broadest-reasonable-construction standard reflects the assumption that the standard would apply

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[3] When the PTO is called upon to revisit an *expired* patent, it uses the ordinary district-court claim-construction standard because the expired patent may no longer be amended. See, *e.g.*, 37 C.F.R. 42.100(b); MPEP § 2258 I.G, at 2200-100 (9th ed. Rev. 7, Oct. 2015).

during *inter partes* review.[4] Petitioner identifies two purported grounds for concluding that the rationale for the broadest-reasonable-construction approach does not apply to *inter partes* review. Petitioner asserts (Br. 29) that Congress "eliminat[ed]" the right to amend patent claims during *inter partes* review. Petitioner also argues (Br. 33) that Congress intended such review to be a "surrogate" for district-court litigation, and that *inter partes* review would not serve that purpose if the PTO and a district court could reach "different validity decision[s] regarding the same invention."

As discussed below, those characterizations of *inter partes* review are inconsistent with the statutory framework.

***2. By authorizing the patentee to amend its claims during* inter partes *review, Congress incorporated the principal feature that had long justified use of the broadest-reasonable-construction standard***

Petitioner contends (Br. 29) that the broadest-reasonable-construction approach is "inimical" to *inter partes* review because of "Congress's elimination of the right to amend claims" in such proceedings. That

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[4] On the floor of the Senate, Senator Kyl defended the proposal (ultimately enacted as 35 U.S.C. 301(a)(2)) to allow a patentee's written statements about a claim's scope, if made to the PTO or to a court, to "be considered in reexaminations and inter partes and post-grant reviews for purposes of claim construction." 157 Cong. Rec. 3428 (2011). He noted that such statements should "allow the [PTO] to identify inconsistent statements made about claim scope—for example, cases where a patent owner successfully advocated a claim scope in district court that is broader than the 'broadest reasonable construction' that he now urges in an inter partes review." *Ibid.*

argument rests on a mistaken premise. Far from "eliminat[ing]" a patentee's ability to amend claims, the statute authorizes a patentee in *inter partes* review to propose amendments, and it allows the PTO to issue certificates incorporating amended claims into the previously issued patent.

a. "During an inter partes review * * * , the patent owner may file 1 motion to amend the patent," and "[a]dditional motions to amend may be permitted" in specified circumstances, including "as permitted by regulations prescribed by the Director." 35 U.S.C. 316(d)(1) and (2). Such regulations must "set[] forth standards and procedures for allowing the patent owner to move to amend the patent * * * to cancel a challenged claim or propose a reasonable number of substitute claims." 35 U.S.C. 316(a)(9).

Other provisions address the consequences of an amendment or claim substitution. Members of the public who might be prejudiced by an amendment or substitution are given intervening rights (as also occurs in reissuance and reexamination proceedings). 35 U.S.C. 318(c). The statute requires the PTO's regulations to "ensur[e] that any information submitted by the patent owner in support of any amendment * * * is made available to the public as part of the prosecution history of the patent." 35 U.S.C. 316(a)(9). When the *inter partes* review is complete and any appeals have been exhausted, the PTO must "issue and publish a certificate * * * incorporating in the patent * * * any new or amended claim determined to be patentable." 35 U.S.C. 318(b).

b. Despite those provisions for claim amendments in *inter partes* review, petitioner suggests (Br. 29) that the amendment process is unduly constricted and

therefore meaningless. It is true that the patentee may file only one motion as of right and cannot use an amendment to enlarge the scope of the claim at issue, 35 U.S.C. 316(d)(1) and (3); that the PTO may deny an amendment that "does not respond to a ground of unpatentability involved in the [*inter partes* review]," 37 C.F.R. 42.121(a)(2)(i); and that the patent owner must "confer[] with the Board" before filing the motion to amend, 37 C.F.R. 42.121(a). But none of those limitations suggests that Congress intended effectively to foreclose amendments.

The need to confer simply provides notice to the Board that the patentee wishes to propose an amendment and allows the Board to provide guidance about "how the filing of the motion will impact the schedule" for the proceeding. 77 Fed. Reg. 48,766 (Aug. 14, 2012). The Board cannot refuse to consider a timely motion for amendment. *Id.* at 48,690. Limiting any amendment to the grounds of unpatentability at issue does not prejudice the patentee, because any use of the broadest-reasonable-construction approach in the proceeding is similarly limited. And the patentee must file a motion—rather than unilaterally amend the claim—because the patent has already been issued. No amendment can take effect until the "amended claim" has been "determined to be patentable" by the Board in a decision that is subject to judicial review. 35 U.S.C. 318(b); see *Microsoft Corp.* v. *Proxyconn, Inc.*, 789 F.3d 1292, 1307-1308 (Fed. Cir. 2015).[5]

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[5] Petitioner further suggests (Br. 29) that a patentee's opportunity to amend its claims during *inter partes* review comes before it knows the basis of a claim's potential overbreadth. In an *inter partes* review, however, the owner is responding to a petition that "identifies, in writing and with particularity, each claim challenged,

The restrictions on potential amendments that petitioner identifies are comparable to those that apply in the other post-issuance reviews that petitioner associates with the examinational model. In an *ex parte* reexamination, a patent owner is permitted only to "propose" amendments, must do so in response to the prior art or ground of patentability at issue, and cannot "enlarg[e] the scope of a claim." 35 U.S.C. 305. Similar limitations on amendments were applicable in *inter partes* reexaminations and in interferences. See 35 U.S.C. 314(a) (2006); MPEP § 2308.02, at 2300-22 (8th ed. Rev. 4, Oct. 2005). The "absolute" "right" to amend "at the will of the applicant" (Pet. Br. 13, 22, 29) that petitioner finds to be missing from *inter partes* review is associated only with initial examinations. As the court of appeals correctly explained, there is no "restriction on amendment opportunities that materially distinguishes [*inter partes* review] proceedings

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[and] the grounds on which the challenge to each claim is based." 35 U.S.C. 312(a)(3). The petition must further supply "the evidence that supports the grounds for the challenge to each claim, including—(A) copies of patents and printed publications that the petitioner relies upon in support of the petition; and (B) affidavits or declarations of supporting evidence and opinions, if the petitioner relies on expert opinions." *Ibid.* The patentee is thus well aware of the alleged basis for unpatentability by the time the PTO institutes review and before the patentee is required to respond and (if it wishes) move to amend its claims. See 35 U.S.C. 316(a)(9) (contemplating patent-owner response after review is instituted); 35 U.S.C. 316(d) (providing for opportunity to amend after institution). In addition, patentees can, and often do, argue that their claims are valid as originally issued, while simultaneously offering to amend those claims if the Board concludes the original claims are unpatentable. See, *e.g.*, *Reg Synthetic Fuels LLC* v. *Neste Oil OYJ*, No. IPR2014-192, 2015 WL 3609359, at *1-*2 (P.T.A.B. June 5, 2015) (granting "contingent [m]otion to [a]mend").

from their predecessors in the patent statute." Pet. App. 16a.

c. Petitioner suggests (Br. 29-30) that, in its actual post-AIA practice, the PTO has been unduly restrictive in considering motions to amend patent claims in *inter partes* review. Such post-enactment events, however, provide no meaningful evidence of Congress's intent with respect to the question presented here. If the Board abuses its discretion in denying a motion to amend, the proper remedy is for the Federal Circuit to set aside that denial on direct appeal, see 35 U.S.C. 318(a), 319, not to preclude the Board from using the broadest-reasonable-construction approach when evaluating patentability. Here, the court below reviewed the Board's denial of petitioner's motion to amend and found no error, Pet. App. 27a-30a, and petitioner does not challenge that aspect of its decision.

***3. Like other established interpretive rules, the broadest-reasonable-construction method is used to choose among interpretations that are consistent with the text of the disputed claim and with the specification***

Petitioner repeatedly seeks to contrast the broadest reasonable construction of disputed claim language with its "true" (Br. 19) or "plain" (Br. 23) meaning, or with "what claims *actually* mean" (Br. 17). In fact, as its name indicates, the PTO's broadest-reasonable-construction method is used only to choose among "reasonable" interpretations of disputed claim language, *i.e.*, interpretations that are consistent with the text of the claim and with the specification.

In a variety of contexts, courts use similar interpretive rules to choose among plausible constructions of ambiguous language, rather than simply adopt the most likely or most natural reading of the text. Thus,

courts routinely apply the canons that ambiguous statutes should be read so as to avoid constitutional difficulties; that ambiguities in criminal laws should be resolved in the defendant's favor; or that ambiguous contract provisions should be construed against the drafter. A court applying such canons is not disregarding the statute's "true" or "plain" meaning, but is simply taking ancillary objectives into account in deciding which plausible reading to adopt.

Indeed, the interpretive method that *courts* employ in construing ambiguous patent claims—the method that petitioner holds up as a model of how *inter partes* review should be conducted—falls comfortably within that tradition. A court confronted with ambiguous claim language does not simply adopt the reading that seems linguistically most natural. Rather, if ambiguity remains after all other interpretive tools have been exhausted, the court must if possible resolve the ambiguity "in a manner that would preserve the patent's validity." *Phillips*, 415 F.3d at 1327. If that claim-construction method is consistent with the court's duty to determine "what claims *actually* mean" (Pet. Br. 17), the PTO's use of the broadest-reasonable-construction method in *inter partes* reviews (consistent with the agency's longstanding practice in analogous circumstances where claims can still be amended) is likewise permissible.

*4. Several other structural attributes demonstrate that* inter partes *review was not intended simply to replicate the results of hypothetical district-court litigation*

Petitioner argues more generally (Br. 26-35) that, because *inter partes* review was intended to serve as a surrogate for district-court litigation, the PTO must

use the same standard for claim construction that a district court would apply. That argument is misconceived. Although *inter partes* review was intended to provide an alternative to costly and time-consuming litigation, it was not supposed to replicate in every instance the results that a district court would have reached. Even apart from the ability to amend claims, the statutory framework for *inter partes* review incorporates several other structural attributes—including a lower burden of proof—that distinguish it from district-court litigation.

a. Petitioner's insistence that *inter partes* review is simply district-court litigation in administrative garb is unmoored from the statutory text. To begin with, the proceedings need not have the same parties. Unlike a plaintiff in federal court, a person can request an *inter partes* review without demonstrating the concrete stake in the outcome that Article III requires. See 35 U.S.C. 311(a) (allowing petition for *inter partes* review to be filed by any "person who is not the owner of [the challenged] patent"); cf. *Consumer Watchdog* v. *Wisconsin Alumni Research Found.*, 753 F.3d 1258, 1262-1263 (Fed. Cir. 2014) (concluding that a public-interest group was entitled to request an *inter partes* reexamination in the PTO, but could not appeal the PTO's adverse decision to the Federal Circuit absent a showing of Article III standing), cert. denied, 135 S. Ct. 1401 (2015). And while a patentee in infringement litigation may avoid adjudication of the patent's validity by settling the case, it may not be able to do so in *inter partes* review. After a review is instituted, the initiating party may terminate its involvement (thereby avoiding potential estoppel effects), but the PTO may then choose between terminating the review alto-

gether and "proceed[ing] to a final written decision" about patentability and claim amendment. 35 U.S.C. 317(a).

Similarly, the PTO Director may intervene in the court of appeals to defend the Board's decision if the parties settle their dispute after the Board has ruled but patentability remains a live question. 35 U.S.C. 143. That is what happened in this case. See Pet. App. 5a & n.2 (noting that Garmin withdrew from the case "as part of a settlement agreement with [petitioner]" and that the PTO intervened). Like the ability to amend challenged patent claims (which is not available in district court), those inherent differences between *inter partes* review and traditional litigation indicate that Congress intended not simply to reduce "litigation costs," but also to "improve patent quality" in ways that are not possible in ordinary litigation. *House Report* 40.

b. To be sure, in some ways *inter partes* review more closely resembles litigation than do its administrative forebears. As petitioner notes (Br. 27), the presence of contesting private parties distinguishes *inter partes* review from some (though not all) PTO proceedings. Cf. 1 William C. Robinson, *The Law of Patents for Useful Inventions* § 54, at 87 (1890) (describing the Patent Office's function in an interference proceeding as "[a]djudicating between [r]ival [i]nventors"). In other respects *inter partes* review is similar to, but still meaningfully distinguishable from, district-court litigation. For instance, the parties may obtain discovery, but it can be limited by the PTO. See 35 U.S.C. 316(a)(5). The grounds on which patentability may be challenged in *inter partes* review (novelty or obviousness under 35 U.S.C. 102 or 103) may be raised

in district-court litigation as well, but the universe of prior art that may be considered in the *inter partes* review is more limited than it would be in district court. Compare 35 U.S.C. 311(b) (in *inter partes* review, allowing resort "only" to "prior art consisting of patents or printed publications"), with 35 U.S.C. 102(a)(1) (generally allowing reference to any invention that was previously "patented, described in a printed publication, or in public use, on sale, or otherwise available to the public").

Petitioner observes (Br. 27) that, "[a]s in district court litigation, the party challenging the patent [in an *inter partes* review] has the burden to prove that the challenged claims are invalid." The standard of proof, however, is not the same in the two proceedings. "In an inter partes review * * * the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence." 35 U.S.C. 316(e). Congress set that standard only months after this Court reaffirmed the longstanding rule that a party challenging the validity of a patent claim in litigation must carry its burden by "clear and convincing evidence." *Microsoft*, 564 U.S. at 95, 102. Just as a criminal defendant may be found not guilty and later held civilly liable for the same conduct, the PTO may reject under the preponderance standard a patent claim that a district court would not have declared invalid under the clear-and-convincing-evidence standard. Congress's evident willingness to allow that result is fatal to petitioner's basic assumption (Br. 13, 14, 17, 27-31) that *inter partes* review is intended to produce exactly the same patentability determinations that district courts would make.

c. Contrary to petitioner's contention (Br. 31-32), the legislative history does not suggest that Congress intended to preclude the use of the broadest-reasonable-construction approach in *inter partes* review. The drafters of the AIA expressed concerns about the prior administrative framework and hoped that *inter partes* review would serve as a "quick and cost effective alternative[] to litigation." *House Report* 45-46, 48. But Members of Congress expressed similar aspirations in 1980, when Congress created *ex parte* reexaminations, and in 1999, when it created *inter partes* reexaminations.[6] Since petitioner concedes that the PTO's use of the broadest-reasonable-construction approach is appropriate in those contexts, the AIA's legislative history provides no sound basis for adopting a different interpretive method in *inter partes* reviews.

From the pre-AIA period, petitioner identifies (Br. 24, 32) some criticisms of reexamination proceedings and evidence that Congress intended to shift toward an "adjudicative" model. But interference proceedings had long combined features of adjudication with the broadest-reasonable-construction approach. See pp. 20-21, 30, *supra*. And none of petitioner's sources expressed any concern about the PTO's established use of that approach in reexamination proceedings or

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[6] See H.R. Rep. No. 1307 Pt. I, 96th Cong., 2d Sess. 3-4 (1980) (anticipating that *ex parte* reexaminations would "provide a useful and necessary alternative for challengers and for patent owners to test the validity of United States patents in an efficient and relatively inexpensive manner" that would not require "recourse to expensive and lengthy infringement litigation"); 145 Cong. Rec. 26,984 (1999) (statement of Sen. Hatch) (remarking that *inter partes* reexamination was "designed to reduce litigation in district courts and make reexamination a viable, less-costly alternative to patent litigation").

identified a departure from it as something to be expected or desired.[7]

d. Acceptance of petitioner's argument would produce highly anomalous results. In enacting the AIA, Congress intended to "improv[e] patent quality" by providing "a more efficient system for challenging patents that should not have issued." *House Report* 39-40. But if the broadest-reasonable-construction standard cannot be used in *inter partes* reviews, the PTO will be required to *approve* in an *inter partes* review a patent claim that it would have *rejected* in an initial examination or reexamination considering the same prior art. That result would be particularly incongruous because, after any *inter partes* review where the district-court claim-construction standard was apparently outcome-determinative, the Director of the PTO could commence an *ex parte* reexamination of the patent "[o]n [her] own initiative," 35 U.S.C. 303(a), and cancel the claim after applying the broadest-reasonable-construction approach. By far the more

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[7] Senator Kyl's discussions of the need to shift from an "examinational" to an "adjudicative" or "oppositional" model identified several concerns about reexaminations, but did not mention the standard for claim construction. See 157 Cong. Rec. at 3428; 154 Cong. Rec. 22,625 (2008). The committee report's list of nine "improvements" that the AIA was making to *inter partes* reexaminations likewise did not suggest that Congress intended the PTO to depart from its prior interpretive approach. *House Report* 47. The law-review article that petitioner cites characterized the PTO's use of its usual standards in *inter partes* reexaminations as a "critical procedural benefit," precisely because it allowed cancellation by the PTO of a claim that would have survived a district-court challenge. Sherry M. Knowles et al., Inter Partes *Patent Reexamination in the United States*, 86 J. Pat. & Trademark Off. Soc'y 611, 611 (2004).

straightforward understanding of the statutory framework is that the PTO, during *inter partes* reviews, may follow its century-old practice of giving amendable patent claims their broadest reasonable construction.

### B. The PTO Has Reasonably Exercised Its Delegated Authority In Applying The Broadest-Reasonable-Construction Standard In *Inter Partes* Review

For the foregoing reasons, the court of appeals correctly held that Congress would have expected the PTO to scrutinize patent claims in *inter partes* review under the same standard that the agency uses in all other administrative proceedings concerning unexpired patents. To the extent that the statute is ambiguous, however, the PTO has filled that gap. Following public notice and comment, it promulgated a regulation specifying that, in *inter partes* review proceedings, "[a] claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears." 37 C.F.R. 42.100(b). As a gap-filling measure adopted by an expert agency pursuant to an express grant of rulemaking authority, that regulation is "binding in the courts unless procedurally defective, arbitrary or capricious in substance, or manifestly contrary to the statute." *United States* v. *Mead Corp.*, 533 U.S. 218, 227 (2001). As the court of appeals correctly recognized, the PTO acted well within its authority and discretion in adopting Section 42.100(b).

#### *1. The broadest-reasonable-construction standard is not a substantive rule beyond the PTO's delegated regulatory authority*

a. The Patent Act does not explicitly address the question whether the PTO should use the broadest-

reasonable-construction approach in *inter partes* review proceedings.[8] Congress has not been silent, however, about how gaps in the statutory framework may be filled. Recognizing the need for the PTO to make interstitial choices in creating a new system for the efficient and inexpensive elimination of erroneously issued patents, Congress gave the agency multiple, broad grants of rulemaking authority to fill in the gaps. See generally 35 U.S.C. 316(a)(1)-(13).

As most relevant here, Congress empowered the agency to issue rules "establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title."

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[8] Petitioner suggests in passing (Br. 27-28) that Congress implicitly invoked the district-court claim-construction standard in 35 U.S.C. 301(d), which specifies that a patent owner's prior statements can be used "to determine the proper meaning of a patent claim in a proceeding that is ordered or instituted pursuant to section 304, 314, or 324." In petitioner's view (Br. 28), the reference to "the proper meaning" of a claim creates an "inference" that "Congress intended the Board to adopt the governing practice in district courts." Such an inference would be inconsistent with petitioner's overarching distinction between *inter partes* review and its predecessors, because Section 301(d) uses the phrase to refer both to *ex parte* reexamination proceedings (under Section 304) and to *inter partes* review (under Section 314).

Contrary to the suggestion of some amici (*e.g.*, 3M Amicus Br. 14), no inconsistency exists between the use in *inter partes* reviews of the broadest-reasonable-construction approach and the consideration in those proceedings of prosecution history as permitted by Section 301(d). The prosecution history of issued patents may assist the PTO in determining whether a particular interpretation of disputed claim language is reasonable, and thus in identifying the broadest reasonable construction. See *Proxyconn, Inc.*, 789 F.3d at 1298 (*inter partes* review); *In re American Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1368-1369 (Fed. Cir. 2004) (*ex parte* reexamination).

35 U.S.C. 316(a)(4). It further instructed that, "[i]n prescribing regulations under this section, the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter." 35 U.S.C. 316(b). Congress thus left in the Director's expert hands the resolution of questions necessary to make *inter partes* review a practical success.

b. Petitioner's contrary argument rests on the assertion (Br. 35-40) that Congress authorized the PTO to issue only "procedural" rather than "substantive" rules. But nothing in Section 316 or any other provision of the AIA draws that distinction. Petitioner seeks (Br. 35-36) to derive that limit from a line of Federal Circuit decisions construing 35 U.S.C. 2(b), a different statutory grant of rulemaking authority that long predates the AIA. Section 2(b) authorizes the Director of the PTO to "establish regulations, not inconsistent with law, which * * * shall govern the conduct of proceedings in the Office." 35 U.S.C. 2(b)(2)(A). The Federal Circuit has concluded that the PTO may issue only "procedural" rules under Section 2(b), see, *e.g.*, *Merck & Co., Inc.* v. *Kessler*, 80 F.3d 1543, 1549-1550 (1996), cert. denied, 519 U.S. 1101 (1997), and that it therefore cannot use Section 2(b) to "effect[] a change in existing law or policy which affects individual rights and obligations," *Cooper Techs. Co.* v. *Dudas*, 536 F.3d 1330, 1336 (2008) (citation, internal quotation marks, and brackets omitted).

The artificial doctrinal edifice that the Federal Circuit has erected around Section 2(b) is flawed even in that context. See *Tafas* v. *Doll*, 559 F.3d 1345, 1365

(2009) (Bryson, J., concurring), reh'g en banc granted, opinion vacated, 328 Fed. Appx. 658 (Fed. Cir. 2009). "[T]he question whether the PTO is authorized to promulgate particular regulations" under Section 2(b) "does not turn on an abstract inquiry into whether a particular rule can be characterized as substantive, procedural, or interpretive. Instead, it calls on [the courts] to ask what Congress has empowered the PTO to do through rulemaking." *Ibid.* In any event, Section 2(b) is irrelevant to the proper understanding of the new, expansive rulemaking authority that Congress granted the PTO in enacting the *inter partes* review scheme.

c. Within the four corners of the AIA itself, petitioner identifies no indication that the PTO's rulemaking authority is limited to procedural matters. Petitioner starts with the caption of 35 U.S.C. 316, which refers to "Conduct of an inter partes review." In petitioner's view (Br. 36-37), the term *conduct* "naturally refers to procedure rather than substance."

Even assuming that is true, Section 316 simply illustrates that captions are often "under-inclusive[]" and "'not meant to take the place of the detailed provisions of the text.'" *Lawson* v. *FMR LLC*, 134 S. Ct. 1158, 1169 (2014) (quoting *Brotherhood of R.R. Trainmen* v. *Baltimore & Ohio R.R.*, 331 U.S. 519, 528 (1947)). Some portions of the text of Section 316 deal only with procedure. See, *e.g.*, 35 U.S.C. 316(a)(3) (authorizing regulations "establishing procedures for the submission of supplemental information"). But other portions explicitly address subjects that are not merely procedural (at least on petitioner's view). Subsection (e), for instance, prescribes the burden of proof and includes its own subcaption referring to "EVIDEN-

TIARY STANDARDS." 35 U.S.C. 316(e). Cf. *Medtronic, Inc.* v. *Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 849 (2014) (treating the burden of proving patent infringement as substantive for purposes of the Declaratory Judgment Act). Subsections (a)(5) and (9) authorize the PTO to "set[] forth *standards and procedures*" for discovery and for motions to amend the patent. 35 U.S.C. 316(a)(5) and (9) (emphasis added).

In adopting its regulation, the PTO principally relied on two portions of Subsection (a) that likewise extend beyond mere procedure. See 77 Fed. Reg. at 48,697. Subsection (a)(2) authorizes the PTO to set "standards for the showing of sufficient grounds to institute a[n inter partes] review." 35 U.S.C. 316(a)(2). Petitioner asserts (Br. 38) that the ability to set "standards" includes only "procedural rules for how a petitioner may" make its showing. But that view cannot be reconciled with the nearby references to "standards and procedures" (35 U.S.C. 316(a)(5) and (9)) or with the usual understanding of *standard*, which refers to the level or quality of showing that is necessary, not *how* it will be shown.[9] Thus, the power to set a "height standard" includes the ability to identify how tall a person or object must be, not simply to

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[9] See *Black's Law Dictionary* 1624 (10th ed. 2014) (def. 2: "A criterion for measuring acceptability, quality, or accuracy"); *Webster's Third New International Dictionary* 2223 (2002) (def. 3 b: "a definite level or degree of quality that is proper and adequate for a specific purpose"; def. 4: "something that is set up and established by authority as a rule for the measure of quantity, weight, extent, value, or quality"); 16 *Oxford English Dictionary* 505 (2d ed. 1989) (def. A.II.10.b: "A rule, principle, or means of judgement or estimation"; def. A.II.12.a: "a definite degree of any quality, viewed * * * as the measure of what is adequate for some purpose").

identify the method (*e.g.*, tape measure or yardstick) by which the measurement must be made.

Subsection (a)(4) is even more capacious, authorizing the PTO to prescribe regulations "establishing and governing inter partes review." 35 U.S.C. 316(a)(4). Petitioner contends (Br. 38) that this provision must have been intended as a "catch-all for rules not specifically covered by other paragraphs," but that it is still only "a *procedural* catch-all." Even apart from the oddity of presuming that the fourth item on a 13-item list is the catchall, petitioner's proposed limitation ignores the fact that other items on the list extend beyond procedural matters.

d. Petitioner contends (Br. 36) that Congress considered and rejected proposals to grant the PTO "substantive" rulemaking authority. That debate, however, concerned an altogether different question: whether to authorize the PTO to issue legislative rules governing the basic conditions for patentability, such as subject-matter eligibility under 35 U.S.C. 101. One such bill, for example, would have authorized the PTO to issue legislative rules interpreting any "law applicable to the United States Patent and Trademark Office." S. 1145, 110th Cong., 1st Sess. § 11 (2007). Congress's decision not to enact that provision (among many proposals on myriad other subjects not ultimately incorporated into the AIA) does not diminish the PTO's authority under the statute that Congress did enact, which empowers the Director to issue rules "establishing and governing inter partes review under this chapter." 35 U.S.C. 316(a)(4).

e. Even if the PTO were precluded from engaging in "substantive" rulemaking, the decision to adopt the broadest-reasonable-construction approach in agency

proceedings would not be "substantive" under the Federal Circuit's case law. The broadest-reasonable-construction rule does not prescribe what is patentable and what is not; it prescribes a uniform interpretive method for the Board to use in applying the Patent Act's requirements to the claims before it. Using that standard in *inter partes* reviews did "not change any substantive rights relative to the current practice" because the agency has long applied the same standard in its other proceedings. 77 Fed. Reg. at 48,697. The Federal Circuit has explained, moreover, that a "procedural rule does not become substantive simply because it requires the applicant to exert more effort to comply, so long as the effort is not so great that it effectively forecloses the possibility of compliance." *Tafas*, 559 F.3d at 1357. Here, the broadest-reasonable-construction approach simply requires a patent holder to "exert more effort" (*ibid.*) by offering an acceptable amendment to a claim that, in the absence of the amendment, could reasonably be read as too broad to be patentable.

In any event, the relevant "backdrop of uniform existing law" (Pet. Br. 40) that Congress presumably took into account when enacting the AIA would not have been cases about generic authority under Section 2(b) or discussions of which effects on individual rights constitute "a matter of substance" (Pet. Br. 41). Without any other express statutory authorization to do so, the PTO and the Patent Office had—for more than a century before the AIA's enactment, and with repeated judicial approbation—been applying the broadest-reasonable-construction approach in initial examinations, in reissue proceedings, in interference proceed-

ings, and in *ex parte* and *inter partes* reexaminations.[10] The background understanding against which Congress legislated in 2011 was that the agency, in conducting administrative proceedings involving previously issued patents, may apply a claim-construction methodology that differs from the methodology a court would use. The PTO has concluded that, for this purpose, *inter partes* review is more closely analogous to initial examination and reexamination (where petitioner acknowledges the propriety of the broadest-reasonable-construction approach) than to district-court litigation (where no amendment of contested claims is permitted). That expert judgment falls comfortably within the AIA's grant of rulemaking authority and warrants judicial deference.

***2. The PTO's regulation is reasonable and consistent with the statute***

a. Petitioner contends that Section 42.100(b) is "not a reasonable interpretation of the AIA" because Congress could not have intended for the PTO to use "'a different legal framework than the one used by district courts.'" Pet. Br. 42 (quoting Pet. App. 55a (joint dissent)). As discussed above, however, the AIA incontestably does just that by, *inter alia*, imposing a lower burden of proof and curtailing the range of prior art that may be used to evaluate novelty and obviousness. See 35 U.S.C. 311(b), 316(e); see also pp. 30-31,

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[10] Congress has specified that *ex parte* reexaminations "will be *conducted* according to the *procedures* established for initial examination." 35 U.S.C. 305 (emphasis added). Despite the terms "conducted" and "procedures," petitioner does not question the soundness of the PTO's decision to transplant its broadest-reasonable-construction approach from the context of initial examinations to that of *ex parte* reexaminations. See Pet. Br. 22-23.

*supra*. It was therefore eminently reasonable for the PTO to adopt its longstanding practice for resolving ambiguities in patent claims during proceedings in which the claims could still be amended.

b. Congress also authorized the PTO to consolidate multiple pending administrative proceedings about the same patent and to establish regulations "governing * * * the relationship of [inter partes] review to other proceedings under [the Patent Act]." 35 U.S.C. 315(d), 316(a)(4). In adopting Section 42.100(b), the PTO explained that using the same interpretive method in the new *inter partes* review proceedings would mitigate the "inefficiencies" that would arise if the agency were required to apply different claim-construction standards simultaneously to the same patent. 77 Fed. Reg. at 48,698 ("It would be anomalous for the Board to have to apply two different standards in the merged proceeding."); see 35 U.S.C. 316(b) (directing the PTO to consider "the efficient administration of the Office" when prescribing regulations).

For various practical reasons, the PTO has not yet chosen to consolidate multiple proceedings, see Pet. Br. 44-45, but that does not detract from the import of those provisions. Congress expressly contemplated that the PTO could consolidate an *ex parte* reexamination or a reissue proceeding with an *inter partes* review, 35 U.S.C. 315(d), and petitioner does not suggest that Congress expected the agency to use different claim-interpretation methodologies simultaneously in a "truly merged" proceeding. Pet. Br. 45. Even in the absence of formal consolidation, the PTO often has pending before it multiple separate proceedings concerning the same patent. There is no reason to believe that Congress intended the Board to construe the

same claims of the same patent differently in separate cases simultaneously pending before it. The PTO reasonably exercised its rulemaking power in a manner that avoids that possibility.

## II. THE PTO'S THRESHOLD DECISION TO INSTITUTE AN *INTER PARTES* REVIEW, WHICH CONGRESS PROVIDED "SHALL BE FINAL AND NONAPPEALABLE," IS NOT SUBJECT TO REVIEW BY THE COURT OF APPEALS

With respect to two of the three patent claims at issue, petitioner contends (Br. 46-54) that the PTO's decision to institute the *inter partes* review proceeding was improper and that the court of appeals should have so held. As the court below correctly recognized, judicial review of the PTO's decision to commence proceedings is barred by the AIA, which makes the decision "whether to institute" an *inter partes* review "final and nonappealable." 35 U.S.C. 314(d). That reading sensibly focuses judicial review on the ultimate question of patentability, consistent with the statutory purposes of providing for efficient proceedings that will improve the quality of issued patents. In any event, there is no merit to petitioner's specific objection that the agency exceeded its authority by recognizing that the same arguments about the unpatentability of claim 17 were applicable to two other claims on which claim 17 depended.

### A. The Statute Bars All Judicial Review, Not Just Interlocutory Appeals, Of The PTO's Decision Whether To Institute An *Inter Partes* Review

In connection with the *inter partes* review at issue here, the Board made both a threshold decision under 35 U.S.C. 314 to "authorize an inter partes review to

be instituted," and "a final written decision" under 35 U.S.C. 318(a) "with respect to the patentability of" three claims in petitioner's patent. Congress has authorized judicial review of only the second of those two agency decisions.

***1. The statutory text limits judicial review to the agency's final decision about patentability***

a. As relevant here, the AIA's amendments to the Patent Act included two provisions addressing judicial review of *inter partes* review proceedings. The first provided as follows: "NO APPEAL.—The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable." 35 U.S.C. 314(d). The second provided that "[a] party dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) may appeal the decision" to the Federal Circuit. 35 U.S.C. 319. Taken together, those provisions demonstrate Congress's intent that the Board's ultimate decision about patentability, but not its threshold decision whether to institute an *inter partes* review, should be subject to judicial scrutiny.

Section 319 authorizes an appeal of the PTO's "final written decision * * * under section 318(a)," at the behest of "[a] party dissatisfied with" that decision. 35 U.S.C. 319. The cross-reference to Section 318(a) shows that the appealable decision is the "final written decision *with respect to the patentability* of any patent claim challenged by the [party seeking inter partes review] and any new claim added [during the inter partes review]." 35 U.S.C. 318(a) (emphasis added).

In petitioner's view (Br. 49), "nothing bars a party from arguing that the Board's final decision * * * was instituted in violation of the statutory restric-

tions." But Section 314(d) bars precisely that argument. By specifying that the determination "whether to institute an inter partes review under [Section 314] shall be final and nonappealable," 35 U.S.C. 314(d), Congress unambiguously foreclosed appeals of such decisions, even though Section 319 permits the Federal Circuit to review the Board's later decision about patentability.

b. Petitioner contends (Br. 49, 52) that Section 314(d) simply prevents an "interlocutory" appeal when the PTO decides under Section 314 to institute an *inter partes* review. That contention, however, cannot account for Congress's declaration that the decision is *both* "final and nonappealable." 35 U.S.C. 314(d).

If Congress had intended to foreclose only interlocutory appeals, there would have been no need to enact Section 314(d). Under the Administrative Procedure Act, the decision to commence a particular administrative proceeding generally would not "mark the 'consummation' of the agency's decisionmaking process," *Bennett* v. *Spear*, 520 U.S. 154, 178 (1997) (citation omitted), and therefore would not be a "final agency action." 5 U.S.C. 704; see, *e.g.*, *FTC* v. *Standard Oil Co.*, 449 U.S. 232, 239-243 (1980) (holding that the FTC's issuance of an administrative complaint finding "reason to believe" that the defendant had violated the Federal Trade Commission Act was not subject to immediate review). Such a decision could be a "preliminary, procedural, or intermediate agency action or ruling * * * subject to review on the review of the final agency action." 5 U.S.C. 704; see *Standard Oil*, 449 U.S. at 245. In the AIA, however, Congress departed from that background rule by explaining that the agency's decision "whether to institute" *inter*

*partes* review is not just "nonappealable" but also "final." 35 U.S.C. 314(d). Because the decision whether to institute the proceeding is "final," it will not be revisited by the agency in its subsequent decision on the merits. Because it is "nonappealable," it is not subject to further review.[11]

c. In an effort to give Section 314(d) meaningful operative effect, petitioner suggests (Br. 51) that the provision may bar appeal only when the Board "decides *not* to institute" *inter partes* review. The statute is not limited to such decisions, however, but applies to any determination "whether to institute an inter partes review under this section." 35 U.S.C. 314(d). The threshold decision that petitioner now seeks to challenge was unquestionably a decision "whether to institute an inter partes review."

In this regard, Section 314(d) conspicuously differs from another Patent Act provision that petitioner assumes (Br. 50-51) was Congress's model for Section 314(d). Section 303, which addresses the initiation of

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[11] As petitioner notes (Br. 50, 52-53), the government advanced a different construction of Section 314(d) in one district-court proceeding. The government argued that parallel provisions (35 U.S.C. 324(e) and 329) should be construed as merely postponing judicial review of a PTO decision to institute post-grant review. On appeal, however, the government concluded that its initial reading had been wrong and explained to the Federal Circuit why it had reconsidered that interpretation. See Gov't Br. at 22 n.4, *Versata Dev. Grp., Inc.* v. *SAP Am., Inc.*, No. 2014-1194; Gov't Br. at 16 n.2, *Versata Dev. Grp., Inc.* v. *Lee*, No. 2014-1145. With the exception of that district-court brief, the government has consistently argued that the plain language of Section 314(d) forecloses appeal of the PTO's initial decision "whether to institute" *inter partes* review either before or after the Board's final written decision about patentability.

*ex parte* reexaminations, authorizes the Director of the PTO to "determine whether a substantial new question of patentability is raised." 35 U.S.C. 303(a). That provision further specifies that a "determination * * * that no substantial new question of patentability has been raised will be final and nonappealable," 35 U.S.C. 303(c), thus limiting the appeal bar to decisions not to conduct a reexamination. In enacting Section 314(d), Congress incorporated the phrase ("final and nonappealable") that it had previously used to foreclose judicial review of certain PTO decisions not to reexamine previously issued patents, while using more expansive language to describe the class of agency decisions declared to be unreviewable. That difference between the two provisions refutes petitioner's effort to read into Section 314(d) the same limitation that Congress expressly adopted in its statutory predecessor. See, *e.g.*, *Department of Homeland Sec.* v. *MacLean*, 135 S. Ct. 913, 919 (2015); *Russello* v. *United States*, 464 U.S. 16, 23 (1983).

d. The statute also does not support petitioner's brief, alternative attempt (Br. 53-54) to construe Section 314(d) as insulating the Board's decision only to the extent that it addresses, pursuant to 35 U.S.C. 314(a), whether "there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition." By its terms, the appeal bar in Section 314(d) is not limited to the reasonable-likelihood aspect of the decision under Section 314(a). Instead, it applies to all "determination[s] by the [PTO] whether to institute an inter partes review under this section." 35 U.S.C. 314(d).

Here again, the contrast between Section 314(d) and a pre-AIA analogue is instructive. A provision

superseded by the AIA had required the Director to determine "whether" a request for *inter partes* reexamination had raised "a substantial new question of patentability affecting any claim of the patent concerned." 35 U.S.C. 312(a) (2006). Former Section 312(c), in turn, had specified that "[a] determination by the Director *under subsection (a)* shall be final and non-appealable." 35 U.S.C. 312(c) (2006) (emphasis added). Accordingly, a party could still appeal the Director's decision to institute an *inter partes* reexamination on the ground that it was inconsistent with some other limitation—for example, former Section 317, which barred a third-party requester from seeking reexamination if it had previously lost a civil action challenging the patent's validity. See 35 U.S.C. 317 (2006). If Congress had intended Section 314(d) to preclude appeals only of determinations about reasonable likelihood under Section 314(a), it could have continued with that approach. Instead, it eliminated the phrase "under subsection (a)" and referred more broadly to the PTO's decision "whether to institute" *inter partes* review. 35 U.S.C. 314(d).

Reading Section 314(d) to preclude review only of reasonable-likelihood determinations under Section 314(a) would yield the implausible result that, for the first time under any iteration of the Patent Act, some PTO decisions *not* to institute post-issuance review before the agency would be subject to judicial challenge. A decision against instituting a proceeding could be based on various grounds.[12] But even when

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[12] See, *e.g.*, 35 U.S.C. 312 (requiring a petition to institute review to include certain information and to be accompanied by the requisite fee); 35 U.S.C. 315(a) (precluding institution of review if the petitioner or its real party in interest "filed a civil action challeng-

the statutory prerequisites for *inter partes* review have been satisfied, the statute never mandates the institution of such a proceeding. See 35 U.S.C. 312(a), 314(a) and (d), 315(a) and (b) (specifying circumstances in which the PTO "may not" institute review, but identifying no instance in which the PTO *must* institute review). As Senator Kyl explained, the absence of any such directive "reflects a legislative judgment that it is better that the [PTO] turn away some petitions that otherwise satisfy the threshold for instituting an inter partes or post-grant review than it is to allow the [PTO] to develop a backlog of instituted reviews that precludes the [PTO] from timely completing all proceedings." 157 Cong. Rec. 3430 (2011).

e. Finally, petitioner invokes (Br. 53) the presumption that administrative action may be subjected to judicial review. It is undisputed, however, that the PTO's final decision about patentability is subject to judicial review under 35 U.S.C. 319. Only the threshold decision whether to institute an *inter partes* review is insulated from review. In any event, the presumption of reviewability "is rebuttable," *Mach Mining, LLC* v. *EEOC*, 135 S. Ct. 1645, 1651 (2015), and "does not control" where "congressional intent to preclude judicial review is fairly discernible in the detail of the legislative scheme." *Block* v. *Community Nutrition Inst.*, 467 U.S. 340, 351 (1984) (citation and internal quotation marks omitted).

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ing the validity of a claim of the patent" before filing a petition); 35 U.S.C. 315(b) (precluding institution of review if the patent owner filed a complaint for infringement against the petitioner, the petitioner's privy, or the petitioner's real party in interest more than a year before the filing of the petition).

Here, an intention to preclude review is plainly discernible in the differences between Section 314(d) and Sections 303 and 319. That distinguishes this case from *Mach Mining*, in which the Court addressed no specific statutory bar to review of the agency's conduct. See 135 S. Ct. at 1651-1652. Similarly, because Section 314(d) makes the determination "whether to institute" review "final and nonappealable," it is distinguishable from the statutory scheme at issue in *Lindahl* v. *OPM*, 470 U.S. 768 (1985), which could "naturally * * * be read as precluding review only of OPM's *factual* determinations," and which further provided for review of OPM's decisions by another agency without imposing any limit on judicial review of the second agency's determination. *Id.* at 779.[13]

***2. Limiting review to the PTO's final decision about patentability is consistent with the AIA's purposes***

The court of appeals' straightforward interpretation of Section 314(d) ensures that the PTO's substantive

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[13] The court of appeals left open the possibility that "mandamus may be available to challenge the PTO's decision to grant a petition to institute [*inter partes* review] after the Board's final decision in situations where the PTO has clearly and indisputably exceeded its authority." Pet. App. 9a. There was no clear and indisputable error in this case, which involves only a dispute about whether the petition for *inter partes* review implicitly included the same obviousness challenge to claims 10 and 14 that was expressly advanced against the dependent claim 17. See pp. 51-52, *infra*. For similar reasons, there has been no violation of "a clear statutory mandate or prohibition" (Pet. Br. 53) that could support the application of *Leedom* v. *Kyne*, 358 U.S. 184 (1958). In any event, *Kyne* permits review only when no statute precludes such review, which is not the case here. See, *e.g.*, *Board of Governors of the Fed. Reserve Sys.* v. *MCorp Fin., Inc.*, 502 U.S. 32, 44 & n.16 (1991); *Briscoe* v. *Bell*, 432 U.S. 404, 413 n.13 (1977).

patentability determinations are subject to judicial scrutiny, while avoiding the waste and expense entailed in relitigating threshold questions that do not bear on the proper scope of the patentee's exclusive rights. If the PTO has concluded that a claim was not patentable and the courts have sustained that conclusion under Section 319, that should be the end of the matter. Under that approach, the PTO proceeding may function, in accordance with Congress's intent, as an efficient non-judicial alternative for testing the patentability of issued claims. See *House Report* 39-40.

By contrast, permitting a court to vacate the PTO's cancellation of a concededly invalid patent claim on a threshold procedural ground would disserve the AIA's principal purpose of improving patent quality. It would be particularly incongruous to allow a court to reach that result when Congress has charged the PTO itself with "setting forth the standards for the showing of sufficient grounds to institute a[n *inter partes*] review under section 314(a)." 35 U.S.C. 316(a)(2).

**B. Even If The Agency's Decision Were Reviewable, The Board Did Not Err In Recognizing That The Same Obviousness Objections Would Apply To Two Additional Claims**

Petitioner argues (Br. ii, 47-48) that the Board exceeded its statutory authority by granting review with respect to three claims that logically stand or fall together. That contention would fail even if the agency's decision to institute an *inter partes* review were subject to judicial scrutiny. As the government explained in the court of appeals (Gov't C.A. Br. 37-39), it was appropriate for the Board to treat Garmin's two obviousness challenges to claim 17 as also being implicitly raised with respect to dependent claims 10 and 14. See Pet.

App. 188a-192a. Because Garmin had already identified the applicable prior art, the Board did not, as petitioner suggests (Br. 48), make its own selections from a range of offerings. It merely recognized that an infirmity in claim 17 would also threaten claims 10 and 14.

Petitioner was not deprived of any notice that would have enabled it to refute that inference. Even after the Board's institution decision declared that all three claims would be at issue, see Pet. App. 196a-197a, petitioner's filings before the Board and the Federal Circuit made exactly the same arguments with respect to obviousness for each of the three claims. See *id.* at 23a, 153a, 163a; Pet. C.A. Br. 17 n.1 (noting that "claims 10, 14, and 17 rise and fall together").

## CONCLUSION

The judgment of the court of appeals should be affirmed.

Respectfully submitted.

DONALD B. VERRILLI, JR.
*Solicitor General*
BENJAMIN C. MIZER
*Principal Deputy Assistant Attorney General*
MALCOLM L. STEWART
*Deputy Solicitor General*
BETH S. BRINKMANN
*Deputy Assistant Attorney General*
CURTIS E. GANNON
*Assistant to the Solicitor General*
MARK R. FREEMAN
MELISSA N. PATTERSON
*Attorneys*

SARAH HARRIS
*General Counsel*
THOMAS W. KRAUSE
*Acting Solicitor*
SCOTT C. WEIDENFELLER
*Acting Deputy Solicitor*
ROBERT J. MCMANUS
*Associate Solicitor*
*United States Patent and Trademark Office*

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## APPENDIX

1. 35 U.S.C. 303 provides:

**Determination of issue by Director**

(a) Within three months following the filing of a request for reexamination under the provisions of section 302, the Director will determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On his own initiative, and any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications discovered by him or cited under the provisions of section 301 or 302. The existence of a substantial new question of patentability is not precluded by the fact that a patent or printed publication was previously cited by or to the Office or considered by the Office.

(b) A record of the Director's determination under subsection (a) of this section will be placed in the official file of the patent, and a copy promptly will be given or mailed to the owner of record of the patent and to the person requesting reexamination, if any.

(c) A determination by the Director pursuant to subsection (a) of this section that no substantial new question of patentability has been raised will be final and nonappealable. Upon such a determination, the Director may refund a portion of the reexamination fee required under section 302.

2. 35 U.S.C. 312 provides:

**Petitions**

(a) REQUIREMENTS OF PETITION.—A petition filed under section 311 may be considered only if—

(1) the petition is accompanied by payment of the fee established by the Director under section 311;

(2) the petition identifies all real parties in interest;

(3) the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim, including—

(A) copies of patents and printed publications that the petitioner relies upon in support of the petition; and

(B) affidavits or declarations of supporting evidence and opinions, if the petitioner relies on expert opinions;

(4) the petition provides such other information as the Director may require by regulation; and

(5) the petitioner provides copies of any of the documents required under paragraphs (2), (3), and (4) to the patent owner or, if applicable, the designated representative of the patent owner.

(b) PUBLIC AVAILABILITY.—As soon as practicable after the receipt of a petition under section 311, the Director shall make the petition available to the public.

3. 35 U.S.C. 314 provides:

**Institution of inter partes review**

(a) THRESHOLD.—The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

(b) TIMING.—The Director shall determine whether to institute an inter partes review under this chapter pursuant to a petition filed under section 311 within 3 months after—

(1) receiving a preliminary response to the petition under section 313; or

(2) if no such preliminary response is filed, the last date on which such response may be filed.

(c) NOTICE.—The Director shall notify the petitioner and patent owner, in writing, of the Director's determination under subsection (a), and shall make such notice available to the public as soon as is practicable. Such notice shall include the date on which the review shall commence.

(d) NO APPEAL.—The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.

4. 35 U.S.C. 315 provides:

**Relation to other proceedings or actions**

(a) INFRINGER'S CIVIL ACTION.—

(1) INTER PARTES REVIEW BARRED BY CIVIL ACTION.—An inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.

(2) STAY OF CIVIL ACTION.—If the petitioner or real party in interest files a civil action challenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for inter partes review of the patent, that civil action shall be automatically stayed until either—

(A) the patent owner moves the court to lift the stay;

(B) the patent owner files a civil action or counterclaim alleging that the petitioner or real party in interest has infringed the patent; or

(C) the petitioner or real party in interest moves the court to dismiss the civil action.

(3) TREATMENT OF COUNTERCLAIM.—A counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for purposes of this subsection.

(b) PATENT OWNER'S ACTION.—An inter partes review may not be instituted if the petition requesting the proceeding is filed more than 1 year after the date

on which the petitioner, real party in interest, or privy of the petitioner is served with a complaint alleging infringement of the patent. The time limitation set forth in the preceding sentence shall not apply to a request for joinder under subsection (c).

(c) JOINDER.—If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

(d) MULTIPLE PROCEEDINGS.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of an inter partes review, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the inter partes review or other proceeding or matter may proceed, including providing for stay, transfer, consolidation, or termination of any such matter or proceeding.

(e) ESTOPPEL.—

(1) PROCEEDINGS BEFORE THE OFFICE.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

(2) CIVIL ACTIONS AND OTHER PROCEEDINGS.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

5. 35 U.S.C. 316 provides:

**Conduct of inter partes review**

(a) REGULATIONS.—The Director shall prescribe regulations—

(1) providing that the file of any proceeding under this chapter shall be made available to the public, except that any petition or document filed with the intent that it be sealed shall, if accompanied by a motion to seal, be treated as sealed pending the outcome of the ruling on the motion;

(2) setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a);

(3) establishing procedures for the submission of supplemental information after the petition is filed;

(4) establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title;

(5) setting forth standards and procedures for discovery of relevant evidence, including that such discovery shall be limited to—

(A) the deposition of witnesses submitting affidavits or declarations; and

(B) what is otherwise necessary in the interest of justice;

(6) prescribing sanctions for abuse of discovery, abuse of process, or any other improper use of the proceeding, such as to harass or to cause unnecessary delay or an unnecessary increase in the cost of the proceeding;

(7) providing for protective orders governing the exchange and submission of confidential information;

(8) providing for the filing by the patent owner of a response to the petition under section 313 after an inter partes review has been instituted, and requiring that the patent owner file with such response, through affidavits or declarations, any additional factual evidence and expert opinions on which the patent owner relies in support of the response;

(9) setting forth standards and procedures for allowing the patent owner to move to amend the patent under subsection (d) to cancel a challenged claim or propose a reasonable number of substitute claims, and ensuring that any information submit-

ted by the patent owner in support of any amendment entered under subsection (d) is made available to the public as part of the prosecution history of the patent;

(10) providing either party with the right to an oral hearing as part of the proceeding;

(11) requiring that the final determination in an inter partes review be issued not later than 1 year after the date on which the Director notices the institution of a review under this chapter, except that the Director may, for good cause shown, extend the 1-year period by not more than 6 months, and may adjust the time periods in this paragraph in the case of joinder under section 315(c);

(12) setting a time period for requesting joinder under section 315(c); and

(13) providing the petitioner with at least 1 opportunity to file written comments within a time period established by the Director.

(b) CONSIDERATIONS.—In prescribing regulations under this section, the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter.

(c) PATENT TRIAL AND APPEAL BOARD.—The Patent Trial and Appeal Board shall, in accordance with section 6, conduct each inter partes review instituted under this chapter.

(d) AMENDMENT OF THE PATENT.—

(1) IN GENERAL.—During an inter partes review instituted under this chapter, the patent owner may file 1 motion to amend the patent in 1 or more of the following ways:

(A) Cancel any challenged patent claim.

(B) For each challenged claim, propose a reasonable number of substitute claims.

(2) ADDITIONAL MOTIONS.—Additional motions to amend may be permitted upon the joint request of the petitioner and the patent owner to materially advance the settlement of a proceeding under section 317, or as permitted by regulations prescribed by the Director.

(3) SCOPE OF CLAIMS.—An amendment under this subsection may not enlarge the scope of the claims of the patent or introduce new matter.

(e) EVIDENTIARY STANDARDS.—In an inter partes review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.

6. 35 U.S.C. 317 provides:

**Settlement**

(a) IN GENERAL.—An inter partes review instituted under this chapter shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed. If the inter partes

review is terminated with respect to a petitioner under this section, no estoppel under section 315(e) shall attach to the petitioner, or to the real party in interest or privy of the petitioner, on the basis of that petitioner's institution of that inter partes review. If no petitioner remains in the inter partes review, the Office may terminate the review or proceed to a final written decision under section 318(a).

(b) AGREEMENTS IN WRITING.—Any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding, made in connection with, or in contemplation of, the termination of an inter partes review under this section shall be in writing and a true copy of such agreement or understanding shall be filed in the Office before the termination of the inter partes review as between the parties. At the request of a party to the proceeding, the agreement or understanding shall be treated as business confidential information, shall be kept separate from the file of the involved patents, and shall be made available only to Federal Government agencies on written request, or to any person on a showing of good cause.

7. 35 U.S.C. 318 provides:

**Decision of the Board**

(a) FINAL WRITTEN DECISION.—If an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentabil-

ity of any patent claim challenged by the petitioner and any new claim added under section 316(d).

(b) CERTIFICATE.—If the Patent Trial and Appeal Board issues a final written decision under subsection (a) and the time for appeal has expired or any appeal has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.

(c) INTERVENING RIGHTS.—Any proposed amended or new claim determined to be patentable and incorporated into a patent following an inter partes review under this chapter shall have the same effect as that specified in section 252 for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation therefor, before the issuance of a certificate under subsection (b).

(d) DATA ON LENGTH OF REVIEW.—The Office shall make available to the public data describing the length of time between the institution of, and the issuance of a final written decision under subsection (a) for, each inter partes review.

8. 35 U.S.C. 319 provides:

**Appeal**

A party dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) may appeal the decision pursuant to sections 141 through 144. Any party to the inter partes review shall have the right to be a party to the appeal.

9. 35 U.S.C. 312 (2006) provided:

**Determination of issue by Director**

(a) REEXAMINATION.—Not later than 3 months after the filing of a request for inter partes reexamination under section 311, the Director shall determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. The existence of a substantial new question of patentability is not precluded by the fact that a patent or printed publication was previously cited by or to the Office or considered by the Office.

(b) RECORD.—A record of the Director's determination under subsection (a) shall be placed in the official file of the patent, and a copy shall be promptly given or mailed to the owner of record of the patent and to the third-party requester.

(c) FINAL DECISION.—A determination by the Director under subsection (a) shall be final and non-appealable. Upon a determination that no substantial new question of patentability has been raised, the Dir-

ector may refund a portion of the inter partes reexamination fee required under section 311.

10. 37 C.F.R. 42.100 provides:

**Procedure; pendency.**

(a) An *inter partes* review is a trial subject to the procedures set forth in subpart A of this part.

(b) A claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.

(c) An *inter partes* review proceeding shall be administered such that pendency before the Board after institution is normally no more than one year. The time can be extended by up to six months for good cause by the Chief Administrative Patent Judge, or adjusted by the Board in the case of joinder.

11. 37 C.F.R. 42.108 provides:

**Institution of *inter partes* review.**

(a) When instituting *inter partes* review, the Board may authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.

(b, At any time prior to institution of *inter partes* review, the Board may deny some or all grounds for unpatentability for some or all of the challenged claims. Denial of a ground is a Board decision not to institute *inter partes* review on that ground.

(c) Sufficient grounds. *Inter partes* review shall not be instituted for a ground of unpatentability unless the Board decides that the petition supporting the ground would demonstrate that there is a reasonable likelihood that at least one of the claims challenged in the petition is unpatentable. The Board's decision will take into account a patent owner preliminary response where such a response is filed.

12. 37 C.F.R. 42.120 provides:

**Patent owner response.**

(a) *Scope.* A patent owner may file a response to the petition addressing any ground for unpatentability not already denied. A patent owner response is filed as an opposition and is subject to the page limits provided in § 42.24.

(b) *Due date for response.* If no time for filing a patent owner response to a petition is provided in a Board order, the default date for filing a patent owner response is three months from the date the *inter partes* review was instituted.

13. 37 C.F.R. 42.121 provides:

**Amendment of the patent.**

(a) *Motion to amend.* A patent owner may file one motion to amend a patent, but only after conferring with the Board.

(1) *Due date.* Unless a due date is provided in a Board order, a motion to amend must be filed no later than the filing of a patent owner response.

(2) *Scope.* A motion to amend may be denied where:

(i) The amendment does not respond to a ground of unpatentability involved in the trial; or

(ii) The amendment seeks to enlarge the scope of the claims of the patent or introduce new subject matter.

(3) *A reasonable number of substitute claims.* A motion to amend may cancel a challenged claim or propose a reasonable number of substitute claims. The presumption is that only one substitute claim would be needed to replace each challenged claim, and it may be rebutted by a demonstration of need.

(b) *Content.* A motion to amend claims must include a claim listing, which claim listing may be contained in an appendix to the motion, show the changes clearly, and set forth:

(1) The support in the original disclosure of the patent for each claim that is added or amended; and

(2) The support in an earlier-filed disclosure for each claim for which benefit of the filing date of the earlier filed disclosure is sought.

(c) *Additional motion to amend.* In addition to the requirements set forth in paragraphs (a) and (b) of this section, any additional motion to amend may not be filed without Board authorization. An additional motion to amend may be authorized when there is a

good cause showing or a joint request of the petitioner and the patent owner to materially advance a settlement. In determining whether to authorize such an additional motion to amend, the Board will consider whether a petitioner has submitted supplemental information after the time period set for filing a motion to amend in paragraph (a)(1) of this section.

14. 37 C.F.R. 42.122 provides:

**Multiple proceedings and Joinder.**

(a) *Multiple proceedings.* Where another matter involving the patent is before the Office, the Board may during the pendency of the *inter partes* review enter any appropriate order regarding the additional matter including providing for the stay, transfer, consolidation, or termination of any such matter.

(b) *Request for joinder.* Joinder may be requested by a patent owner or petitioner. Any request for joinder must be filed, as a motion under § 42.22, no later than one month after the institution date of any *inter partes* review for which joinder is requested. The time period set forth in § 42.101(b) shall not apply when the petition is accompanied by a request for joinder.